

Maria L. Roux

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# Procurement 101

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# OBJECTIVES

- Define public procurement
- Gain knowledge of the basics of procurement
- Discuss basic rules and regulations as relates to procurement
- Describe the role of the Procurement professional
- Recognize the importance of transparency in the procurement process
- Discuss procurement ethics

# What is Procurement?

**pro·cure·ment**  
**[prə'kyo̯ormənt, prō-]**

Procurement is the act of acquiring, buying goods, services or works from an external source. It is favorable that the goods, services or works are appropriate and that they are procured at the best possible cost to meet the needs of the acquirer in terms of quality and quantity, time, and location.

# Basics of Public Purchasing

## Fiduciary Duties of Procurement Officials

### I.4.4.3. Fiduciary Duty

#### Fiduciary Duties of the Procurement Officer

The procurement professional is responsible for developing contracts at competitive prices to avoid waste and deliver the best value to the employer and Georgia citizens.

All procurement professionals play an important role in ensuring needed goods and services are procured in an efficient and economical manner while gaining and retaining public trust and confidence.



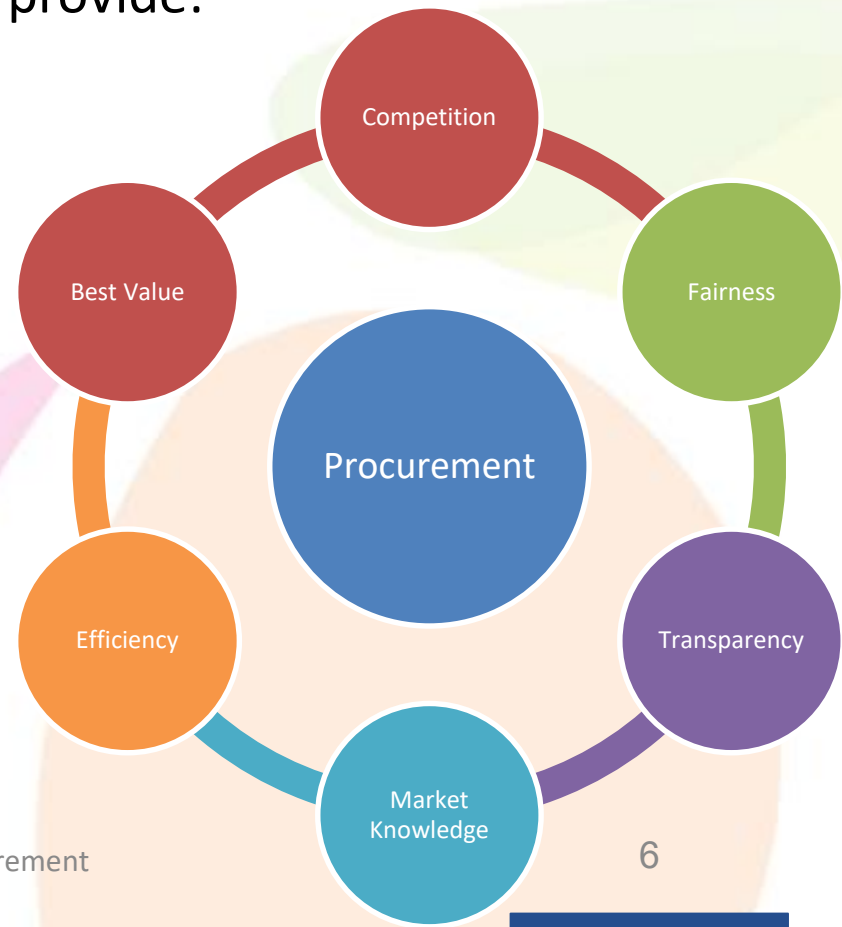
# Public Purchasing

- Public purchasing is either Centralized or Decentralized
  - Centralized – Procurement will go to a central location for completion
  - Decentralized – If the procurement is within established guidelines set by central location field offices can complete the procurement

# Basics of Public Purchasing

The objective of public purchasing is to provide:

- Competition
- Fairness and Equity for All Suppliers
- An Environment of Transparency
- Knowledge of the Market
- Supply and Demand
- Fluctuations
- Efficiency
- Best Value



com·pe·ti·tion  
/kämpə'tiSH(ə)n/

When companies or businesses compete based on factors like quality, price and customer service achieving best value pricing.



Competition

# Emphasis on Quality and Adding Value

- Total Cost of Ownership:
  - *This highlights the difference between purchase price and long-term cost. This goes beyond the lowest cost*



Fairness



# Transparency

trans-**pair**-uh n-see

Transparency can be defined as timely, easily understood access to information. Transparency assists in ensuring that any deviations from fair and equal treatment are detected very early, and makes such deviations less likely to occur. It protects the integrity of the process and the interest of the organization, stakeholders, and the public.

*Source: NIGP*



Transparency

# Market Knowledge: Supply and Demand

The amount of a commodity, product, or service available and the desire of buyers for it, considered as factors in regulating its price.



**Market  
Knowledge**

# ef·fi·cien·cy ə'fiSHənsē/

The state or quality of being efficient, or able to accomplish something with the least waste of time and effort; competency in performance.

accomplishment of or ability to accomplish a job with a minimum expenditure of time and effort



Efficiency

# Best Value

The tradeoff between price and performance that provides the greatest overall benefit under the specified selection criteria.

Source: Business Dictionary



Best  
Value



## Professional Conduct

# Keeping Procurement Ethical

Basic procurement ethics will allow the procurement professional to complete the process and limit risk in public purchasing.

- Policy
- Training
- Process
- Audit

# Policy

State of Georgia directs its procurement professionals by establishing code to address ethical behavior.

The following list of codes provides you with general guidelines:

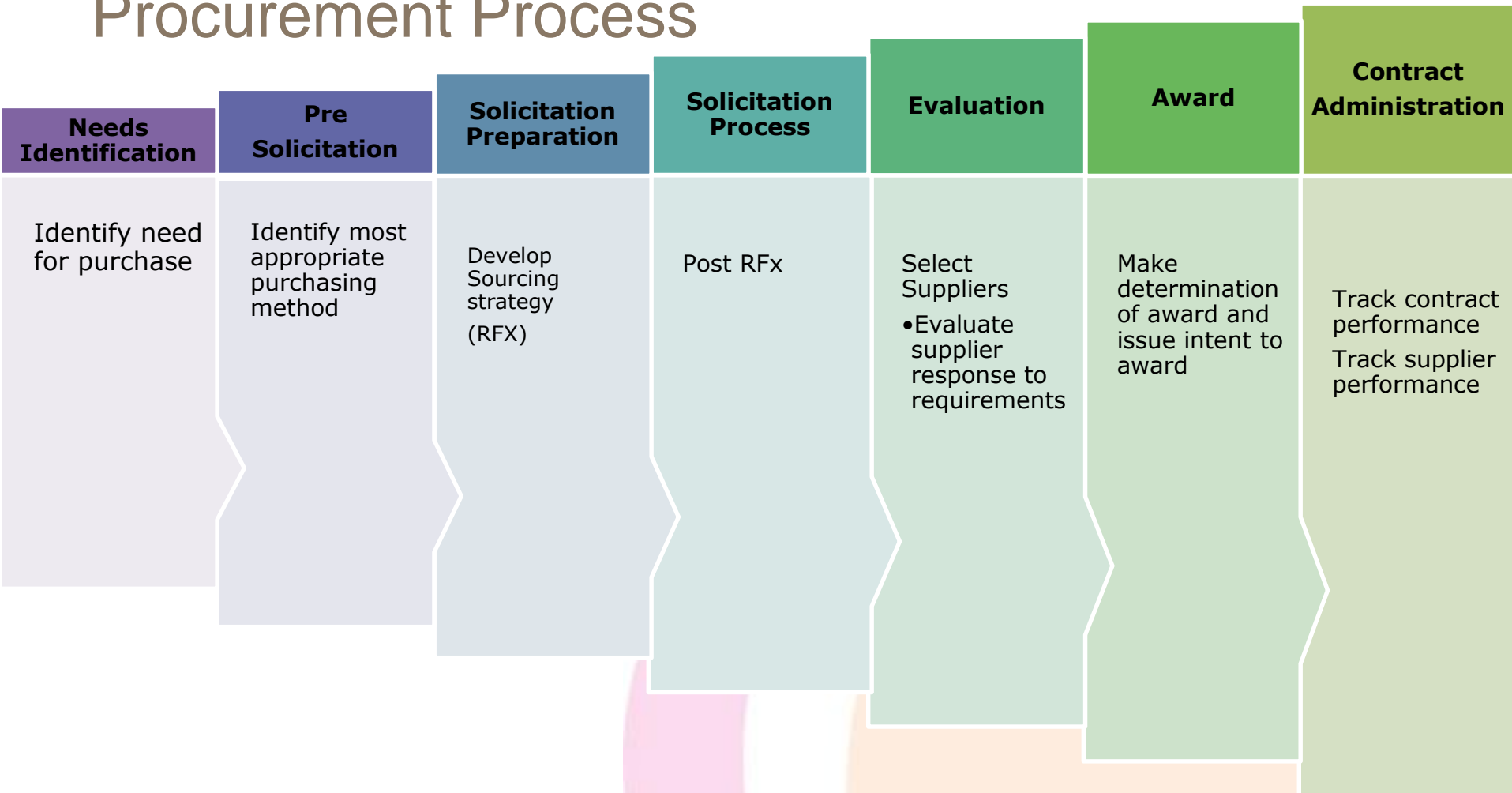
- Financial Interest of Department Personnel in Contracts. O.C.G.A. 50-5-78
- Acceptance of Benefits from Contracts
- 50-5-79 Unlawful purchases
- Purchases through the Department for Individual Ownership O.C.G.A. 50-5-80
- Sale or Delivery of Merchandise, Individual Ownership O.C.G.A. 50-5-80
- Bribery O.C.G.A. 16-10-2

# Training





# Procurement Process





# Procurement Process: Need

- End User
- Requisition
- Subject Matter Expert

# Procurement Process: Pre Solicitation

## ■ Method

- RFQ (Request For Quote)
- RFP (Request For Proposal)
- RFI (Request For Information)
- RFQC (Request For Qualified Contractor)

# Procurement Process: Solicitation Preparation

## Specifications

Specifications is an explicit set of requirements to be satisfied by a material, product, or service. It is a set of requirements defining an exact description of an object or a process



# Procurement Process: Solicitation Process

- Team Georgia Marketplace™ (TGM™)
- eSource
- Georgia Procurement Registry
- Newspaper
- Website

**Evaluation**

Select  
Suppliers  
• Evaluate  
supplier  
response to  
requirements

# Procurement Process: Evaluation

- Responsive
  - Did the Supplier answer as required?
  - Did the Supplier provide all required?
- Responsible
  - Can the Supplier do the job?

**Award**

Make  
determination  
of award and  
issue intent to  
award

## Procurement Process: Award

- Award documentation
- Protest
- Signatures





## Procurement Process: Contract Administration

- Ensures that the entity gets what is paid for
- Focuses on obtaining “quality” supplies or services
- Receipt of services on time and within budget
- Improved supplier performance
- Enhanced ability to select high quality suppliers
- Avoidance of potential pitfalls to the success of the contract

# Auditing for Compliance



- Develop procedures that audit the process
  - Spend
  - PO Type
  - NIGP Codes
  - Documentation
  - Contract development and usage
- Contract Management
- Supplier performance





Maria L. Roux

678.631-1433

[mrroux@dot.ga.gov](mailto:mrroux@dot.ga.gov)